



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

January 31, 2007

M/035/015

Kennecott Utah Copper Corporation  
Rowan McGowan-Jackson  
P.O. Box 6001  
Magna, Utah 84044-6001

Subject: Approval of Amendment to Commence Large Mining Operations,,  
Kennecott Utah Corporation, North Tailings Modernization Project, Task #  
1667, M/035/015, Salt Lake County, Utah

Dear Mr. McGowan-Jackson:

The Division has completed a review of the amendment to the North Tailings Modernization Project notice, received December 21, 2006.

The amendment addressed a modification of the drainage blanket. The original blanket design has been changed to an optimized finger drain system. The drain system is being placed to complete the underdrain system under the final phase of the north tailings expansion.

This change to the drainage blanket design was reviewed and approved by the Utah State Engineers Office. This review was done to assure the State that the changes to the design would not hamper the tailings ability to dewater through the outer embankment. This study found that the design change would not have an effect on the performance of the drainage blanket.

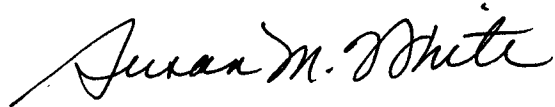
The submittal indicates that the changes will not affect the reclamation treatments for the impoundment and the site will remain within the permitted acreage (3334 acres). The Division agrees with this assumption therefore the bond calculated for the reclamation of the site will not need to be adjusted due to these changes to the plan.

The drawings and text will be stamped "Approved" and placed into approved plan. The Division requests that Kennecott submit an additional copy of your December 20, 2006 letter to allow us to stamp and return the approved changes for inclusion into your plan.

Page 2  
Rowan McGowan-Jackson  
M/035/015  
January 31, 2007

If you have any questions, please contact me at (801) 538-5258 or Doug Jensen at (801) 538-5382.

Sincerely,

A handwritten signature in black ink that reads "Susan M. White". The signature is fluid and cursive, with the first name "Susan" being more prominent than the last name "White".

Susan M. White  
Mining Program Coordinator  
Minerals Regulatory Program

SMW:dj:pb  
cc: Vicky Peacey, Kennecott Utah Copper  
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Kennecott Utah Copper Corporation  
P.O. Box 6001  
Magna, Utah 84044-6001  
(801) 569-6000

(801) 569-6356 (Phone)  
(801) 569-7192 (Fax)

**Rohan McGowan-Jackson**  
Manager, Health, Safety & Environmental  
and Sustainable Development

m/035/002  
m/035/015 ✓



**Kennecott  
Utah Copper**

A member of the RIO TINTO Group

cc: Susan  
Dawn  
Paul  
Doug  
Tom

Task ID# 1667

December 20, 2006

Mary Ann Wright  
State of Utah  
Department of Natural Resources/DOGM  
PO Box 145801  
Salt Lake City, UT 84114-5801

Dear Mary Ann,

I appreciate your time and that of your staff in meeting with Vicky Peacey, Bruce Jones and myself on October 26, 2006. I believe the meeting was beneficial. Thank you also for your follow up letter of November 1, 2006.

The purpose of this correspondence is to provide you with some initial feedback on KUC's response to the issues discussed during our October 26, 2006 meeting.

#### **Permit Boundary Modification**

I believe we now have a better understanding of the process KUC needs to go through in order to obtain a modification to our DOGM permit boundary. Following our discussion, KUC has decided to review the size and specific land area associated with the current nominated permit boundary modification. Rest assured I am eager to move forward on this issue and hope to be able to advise of any additional areas soon. ✓

#### **Cost Estimate**

Confirming that KUC is in the process of reviewing the list of additional details requested to be addressed in the cost estimate. I will plan to contact you following this review in order to raise any questions and discuss next steps. ✓

#### **Ongoing Activities**

Our meeting on October 26, 2006 was helpful in confirming DOGM's desire to be kept informed of ongoing activities and more specifically to ensure that relevant update material is provided in a manner that will allow DOGM to easily incorporate it within existing plans.

RECEIVED  
DEC 21 2006  
12/26/06  
DIV. OF OIL, GAS & MINING

I wish to reconfirm KUC's desire to work closely with DOGM and share relevant information associated with ongoing activities – and in particular to ensure we do a better job at clarifying where update material should be placed within existing records. However, your letter of November 1, 2006 inferred that KUC would respond to our current discussions associated with ongoing activities in the form of an amendment to the plan. While I agree this was requested by DOGM during our meeting, I don't believe KUC agreed to this course of action. Indeed, you will be aware from previous correspondence that KUC is of the opinion that these ongoing activities are within the approval envelope associated with our existing NOI's and therefore should not be considered as amendments.

Nevertheless, in the interest of resolving this matter and moving forward, KUC is submitting with this letter two Form MR-REV with relevant information attached. Submission of these forms, and the attached information, should not be construed as an admission on KUC's part that KUC was or is required to seek DOGM approval of the activities at issue prior to implementing them.

I hope you appreciate KUC's interest in preserving our view that these ongoing activities are not amendments. Furthermore, I hope that irrespective of this difference of opinion, we have succeeded in our effort to provide you with the update information you desire in a manner that will allow you to easily insert into existing records.

Consistent with this position, I am pleased to provide you with the following updated information as requested:

1. FORM MR-REV: Additional Information for North Tailings Expansion Drainage System (M/035/015)

Please see attached, as requested, copies of the final engineering drawings for the optimized phase 2 finger drain system as described in our August 2, 2005 notification letter.

As per previous correspondence, KUC is of the opinion that the configuration of the optimized phase 2 finger drain system (as detailed in these drawings) is consistent with the brief general drainage blanket description and footprint and does not impact reclamation activities or the cost estimates provided in the original approved Notice of Intent submitted in 1996 and therefore should not be considered an amendment. ✓

Nonetheless, KUC is happy to provide DOGM with this information for inclusion in the M/035/015 plan documents. In this regard, we have provided a new Attachment Q, to be added to Revision H for Volume I of the 1996 Tailings Modernization Project, North Impoundment Expansion, M/035/015. The requested final engineering drawings for the finger drain system are included in this document. ✓

2. FORM MR-REV: Additional Information for Bingham Canyon Mine, Giant Leap East 1 Pushback (M/035/002) ✓

Please see attached:

a) Update to Table 2-1 Facilities and Structures (M/035/002)

As requested in your letter of February 16, 2006 please see attached an updated copy of Table 2-1 (R2) Facilities and Structures within the M/035/002 Permit Boundary.

This table has been updated to reflect KUC's progress in implementing ongoing demolition activities as per the Bingham Canyon Mine 2003 Mine Reclamation and Water Management Plan.

KUC's suggests the attached Table 2-1 (R2) replace the existing Table 2-1, located at page 11 and 12 within the Bingham Canyon Mine 2003 Mine Reclamation and Water Management Plan.

b) Update to Figure 4-6 Reclamation Activities on Bingham Canyon Mine Waste Rock Disposal Areas (M/035/002)

Please see attached an updated version of Figure 4-6 Reclamation Activities on Bingham Canyon Mine Waste Rock Disposal Areas.

This updated figure includes information associated with the expected location of additional overburden material associated with the East 1 pushback.

In relation to your letter of February 16, 2006 – and as discussed during our meeting on October 26, 2006, KUC does not expect that this activity will adversely impact any of the reclamation treatments defined in the Bingham Canyon Mine 2003 Mine Reclamation and Water Management Plan – and therefore should not be considered an amendment. Indeed, KUC will work to segregate waste rock from the East 1 pushback, and we are hopeful that it will provide additional opportunities to extend existing approved treatments. However, we will need to wait to better understand the final specific quantity of low ARD generating rock before confirming any extension to the existing approved reclamation treatment areas.

KUC suggests that the attached Figure 4-6 (R2) replaces the existing Figure 4-6 within the Bingham Canyon Mine 2003 Mine Reclamation and Water Management Plan.

**Other issues**

Additional Demolition

As per my letter to Ms. Susan White, dated 8<sup>th</sup> December 2006, I would also like to confirm that KUC is planning to advance significant addition demolition activities during 2007 and 2008. This is good news and represents further evidence of KUC's investment in ongoing reclamation. I have asked Kelly Payne, who will be managing this work for KUC, to contact your office in order to schedule a time for a formal briefing.

2006 Report and Presentation to Board

As previously discussed, KUC is also gearing up for our 2006 Report and presentation to the DOGM Board. I understand this is planned to occur as part of the January 2007 Board Meeting. Vicky Peacey will continue to liaise with your office in order to finalize preparations for this presentation.

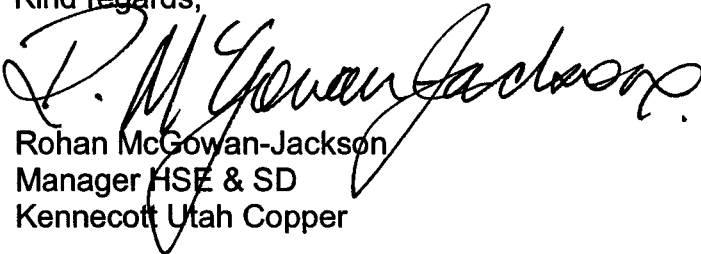
KUC Tour for DOGM Board

I would again like to reinforce our desire to organize for the Board of DOGM to visit KUC. In this regard, I would value your assistance and/or advice in setting up a tour.

Thank you again for your time in meeting with KUC on October 26, 2006. I believe we are making progress and moving in the right direction. I hope you share this opinion.

I look forward to further communications in due course.

Kind regards,



Rohan McGowan-Jackson  
Manager HSE & SD  
Kennecott Utah Copper

cc: Vicky Peacey  
Kelly Payne  
Bruce Jones  
Scott Lawson



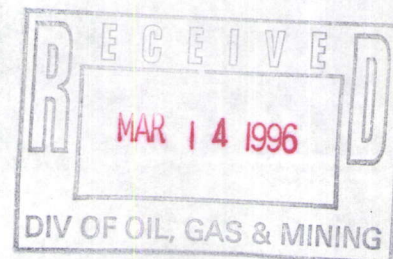
## TABLE OF CONTENTS

### VOLUME 1

Cover Letter

Form MR-LMO

- Attachment A Kennecott Utah Copper Corporation Tailings Modernization Project, *Operating Plan Summary Report*, Morrison Knudsen Corporation, 1995.
- Attachment B *Surface Drainage and Diversions System Design Memorandum and Drawings*, Morrison Knudsen Corporation, 1996.
- Attachment C Kennecott Utah Copper Tailings Modernization Project Contract No. 4272, Task 104, *Design Criteria For Ditch Collection Pond and UPDES #7 Outfall*, Morrison Knudsen Corporation, April 25, 1995.
- Attachment D *C-7 Ditch Design Summary*, Morrison Knudsen Corporation, January 1995.
- Attachment E Kennecott Tailings Modernization, Task 104, *Design Criteria For The Toe Ditch*, Morrison Knudsen Corporation, April 26, 1995.
- Attachment F *Spill Prevention, Containment, and Countermeasure Plan*, applicable portion, Kennecott Utah Copper Corporation.
- Attachment G *Summary Report - Data Evaluation and Site Characterization / Smelter Slag Pile*, Dames & Moore, 1995.
- Attachment H KUC Tailings Modernization Project, Task 04, *Sedimentation Pond and UPDES 002 Outfall, Hydraulic Design Criteria*, Morrison Knudsen Corporation.
- Attachment I *Section 02275 Riprap Kennecott Utah Copper Magna, Utah, Tailings Modernization Project*, April 12, 1994.
- Attachment J *Section 02295 Processing and Stockpiling Slag Aggregates, Kennecott Utah Copper Magna, Utah, Tailings Modernization Project*, January 30, 1996.
- Attachment K *Tailings Modernization Project ES-19 Design Support and Testing, Geotechnical Summary Report: Borrow Sources, excerpts*, December 1994.
- Attachment L UPDES Application Form 2C Water Quality Data.
- Attachment M *Preliminary Wetland Mitigation Plan For the Tailings Modernization Project*, SWCA, Inc., March 1995.
- Attachment N *Tailings Impoundment Plant Cover and Revegetation Success*, Shepherd Miller, Inc., April 27, 1995.
- Attachment O *Kennecott Tailings Modernization Project, North Impoundment Reclamation (Ultimate) DOGM Estimate (\$000)*, Morrison Knudsen Corporation.
- Attachment P *North Impoundment Reclamation DOGM Estimate Backup*, Kennecott Utah Copper Corporation.



**SUPERCEDED**

## **APPENDIX 2**

### **Revised Table of Contents for Attachment Q**

**PERMIT M/035/015**

**KENNECOTT UTAH COPPER CORPORATION**

**SUBMITTED TO  
THE UTAH DIVISION OF OIL, GAS AND MINING  
DECEMBER 2006**



## **APPENDIX 3**

**Application for Mineral Mine Plan Revision or Amendment**

**PERMIT M/035/015**

**KENNECOTT UTAH COPPER CORPORATION**

**SUBMITTED TO  
THE UTAH DIVISION OF OIL, GAS AND MINING  
DECEMBER 2006**

## Application for Mineral Mine Plan Revision or Amendment

|  |                                 |
|--|---------------------------------|
| <b>Operator:</b> Kennecott Utah Copper       |                                 |
| <b>Mine Name:</b> North Tailings Impoundment | <b>File Number:</b> M/ 035 /015 |

Provide a detailed listing of all changes to the mining and reclamation plan that will be required as a result of this change. Individually list all maps and drawings that are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise or amend the existing Mining and Reclamation Plan. **Include page, section and drawing numbers as part of the description.**

| DETAILED SCHEDULE OF CHANGES TO THE MINING AND RECLAMATION PLAN |   |                                 | DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED           |
|---|---|---------------------------------|--|
| <input checked="" type="checkbox"/> ADD                         | <input type="checkbox"/> REPLACE            | <input type="checkbox"/> REMOVE | Attachment Q to 1996 NOI, North Tailings Expansion, Vol.1      |
| <input type="checkbox"/> ADD                                    | <input checked="" type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Table of Contents in 1996 NOI w/Table of Contents in Appendix3 |
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**I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments and obligations, herein.**

**Rohan McGowan-Jackson**

Print Name

**Position: Manager, Health, Safety & Environmental & Sustainable Development**

Sign Name, Position

**20 DEC 2006**  
Date

**Return to:**

State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Phone: (801) 538-5291 Fax: (801) 359-3940

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| <b>FOR DOGM USE ONLY:</b>        |  |
| File #: M/ _____ / _____         |  |
| Approved: _____                  |  |
| Bond Adjustment: from (\$) _____ |  |
| to \$ _____                      |  |